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FILED  
MAR - 4 2005

DEPARTMENT OF MANAGED HEALTH CARE  
By Cna  
Filing Clerk

10 BEFORE THE DEPARTMENT OF MANAGED HEALTH CARE  
11 OF THE STATE OF CALIFORNIA  
12

13 IN THE MATTER OF:

14 FAMILY CARE, dba National Association  
15 of Preferred Providers (NAPP),

16 Respondent.

DMHC No.: 04-297

OAH No.:

**ORDER RE LICENSE APPLICATION**

17  
18 **TO: FAMILY CARE:**

19 The Director of the Department of Managed Health Care, by and through her  
20 designee, Assistant Deputy Director Amy L. Dobberteen, makes the following **ORDER**, on  
21 Respondent's representations, through counsel, of its commitment to seek licensure by the  
22 Department.

23 **IT IS HEREBY ORDERED:**

24 Respondent shall:

- 25 I. File an application for licensure under the Knox-Keene Health Care  
26 Service Plan Act of 1975, Health & Safety Code sections 1340 *et seq.*,  
27 in accordance with the following time frame:

- 28 A. On or before April 1, 2005 schedule and complete the

Department's electronic filing training course;

- B. On or before May 2, 2005, complete the Department's electronic filing certification process;
- C. On or before June 3, 2005, file an application for licensure, which demonstrates compliance with all requirements of the Knox-Keene Act or, as may be applicable, and meets the requisite burden of proof for exemption or waiver pursuant to Health and Safety Code Sections 1343(b) and 1343.5; and
- D. Demonstrate efforts, satisfactory to the Department, to resolve all compliance concerns identified by the Department in the license application, and make reasonable progress to the satisfaction of the Department to complete the license application process by October 3, 2005.

II. Implement immediately the following:

- A. Operational changes necessary and sufficient for full compliance with the requirements of Health and Safety Code Sections 1360, 1360.1, 1361, 1365(a), 1365.5, 1366, 1367 (a), (b), (c), (d), (e)(1), (f), (g) and (h)(1); 1368.02(b), 1373(a), 1379, 1381, 1384(a), (d) and (f); 1385 and 1395 of the Knox-Keene Act;
- B. Revisions to Respondent's membership guide, necessary and sufficient for full compliance with the requirements of Health and Safety Code Sections 1363 and 1363.1 and California Code of Regulations, title 28, sections 1300.63, 1300.63.1, 1300.63.2 and 1300.67.4, as applicable;
- C. Establish a grievance system in compliance with Health and Safety Code Sections 1368 and 1368.01, and California Code of Regulations, title 28, section 1300.68;
- D. Distribute a supplement to the Member Guide disclosing the

1 grievance process; and

2 E. Submit to the Department monthly a report of all grievances and  
3 complaints by California members, including the reason for each  
4 complaint and the disposition of each.

5 III. Submit for the Department's prior review and approval any and all  
6 advertising and marketing materials to be used in connection with the  
7 sale of discount health cards.

8 IV. Cease and desist the sale of any insurance product in connection with  
9 the sale of discount health cards.

10 V. Demonstrate, within 30 calendar days from the date of the issuance of  
11 this Order, to the satisfaction of the Department, that Respondent is  
12 providing a quantifiable and non- illusory benefit to the California  
13 consumer.

14 The Department may extend the time during which Respondent may do any act  
15 enumerated herein if it is satisfied that Respondent is making reasonable progress, but this  
16 provision shall not create any expectation that time will be extended, nor shall the fact that  
17 the Department extends time once create any expectation that it will do so again.

18 The failure of any condition may result in the issuance of a Cease & Desist Order.

19  
20 Dated: March 4, 2005.

LUCINDA EHNES, Director  
Department of Managed Health Care

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23  
24 By: 

25 AMY L. DOBBERTEN  
26 Assistant Deputy Director  
27 Office of Enforcement  
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